

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

ARGENTINA

**PROGRAM TO SUPPORT PUBLIC POLICIES
FOR THE SUSTAINABLE AND RESILIENT GROWTH OF ARGENTINA**

(AR-L1351)

LOAN PROPOSAL

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CONTENTS

PROJECT SUMMARY

I.	DESCRIPTION AND RESULTS MONITORING	1
A.	Background, problem addressed, and rationale	1
B.	Objectives, components, and cost	11
C.	Key results indicators	14
II.	FINANCING STRUCTURE AND MAIN RISKS	15
A.	Financing instruments	15
B.	Environmental and social risks.....	16
C.	Fiduciary risks	16
D.	Other key issues and risks	16
III.	IMPLEMENTATION AND MANAGEMENT PLAN	17
A.	Summary of implementation arrangements	17
B.	Summary of arrangements for monitoring results	17
IV.	POLICY LETTER	18

APPENDICES

Proposed resolution

ANNEXES	
Annex I	Summary Development Effectiveness Matrix
Annex II	Policy Matrix
Annex III	Results Matrix

LINKS	
REQUIRED	
1.	Policy letter
2.	Means of verification matrix
3.	Monitoring and evaluation plan
OPTIONAL	
1.	Annex - Sustainable development goal classification

ABBREVIATIONS

FNECBN	Fondo Nacional para el Enriquecimiento y la Conservación de los Bosques Nativos [National Fund for the Enrichment and Conservation of Native Forests]
GNCC	Gabinete Nacional de Cambio Climático [National Climate Change Cabinet]
GSS	Green, social, and sustainability
IMF	International Monetary Fund
LPTE	Lineamientos para el Plan de Transición Energética [Guidelines for the Energy Transition Plan]
LTDS	Long-term Decarbonization Strategy
MAGyP	Ministerio de Agricultura, Ganadería y Pesca [Ministry of Agriculture, Livestock, and Fisheries]
MAyDS	Ministerio de Ambiente y Desarrollo Sostenible de la Nación [Ministry of the Environment and Sustainable Development]
MBGI	Principios y Lineamientos Nacionales para Manejo de Bosques con Ganadería Integrada [National Principles and Guidelines for Forest Management with Integrated Ranching]
MSME	Micro, small, and medium-sized enterprise
MTFS	Mesa Técnica de Finanzas Sostenibles [Sustainable Finance Technical Roundtable]
NDC	Nationally Determined Contribution
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
OECD	Organisation for Economic Co-operation and Development
PBP	Programmatic policy-based loan
PDPV	Plan de Desarrollo Productivo Verde [Green Production Development Plan]
RNPMCC	Registro Nacional de Proyectos de Mitigación ante el Cambio Climático [National Register of Climate Change Mitigation Projects]
UNDP	United Nations Development Programme
UNFCCC	United Nations Framework Convention on Climate Change

PROGRAM SUMMARY

ARGENTINA PROGRAM TO SUPPORT PUBLIC POLICIES FOR THE SUSTAINABLE AND RESILIENT GROWTH OF ARGENTINA (AR-L1351)

Financial Terms and Conditions				
Borrower:			Flexible Financing Facility ^(a)	
Argentine Republic			Amortization period:	20 years
Executing agency:			Disbursement period:	1 year
The borrower, through the Ministry of Economy			Grace period:	5.5 years ^(b)
Source	Amount (US\$)	%	Interest rate:	SOFR-based
IDB (Ordinary Capital):	500,000,000	100	Credit fee:	(c)
Total:	500,000,000	100	Inspection and supervision fee:	(c)
			Weighted average life:	12.75 years
			Approval currency:	U.S. dollar
Program at a Glance				
<p>Program objective/description: The program’s general development objective is to support sustainable, resilient growth in Argentina. The specific development objectives are to: (i) strengthen the government’s capacity to plan and finance climate action; (ii) develop a framework to promote sustainable finance; and (iii) foster policies that support the circular economy and decarbonization.</p> <p>The current operation is the first of two consecutive operations that are linked on a technical level, but financed separately as programmatic policy-based loan (PBP) operations, consistent with the guidelines set forth in document CS-3633-2 (Policy-Based Loans: Guidelines for Preparation and Implementation).</p>				
<p>Special contractual clauses precedent to the sole disbursement of the loan proceeds: The sole disbursement of resources under this loan is subject to the borrower’s compliance, to the Bank’s satisfaction, with the policy reform conditions laid out in the policy matrix (Annex II) and the policy letter, as well as the conditions established in the loan contract (paragraph 3.3).</p>				
Exceptions to Bank policies: None.				
Strategic Alignment				
Challenges: ^(d)	SI <input type="checkbox"/>		PI <input checked="" type="checkbox"/>	EI <input checked="" type="checkbox"/>
Crosscutting themes: ^(e)	GE <input checked="" type="checkbox"/> and DI <input type="checkbox"/>		CC <input checked="" type="checkbox"/> and ES <input checked="" type="checkbox"/>	IC <input checked="" type="checkbox"/>

- ^(a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule, as well as currency, interest rate, and commodity conversions and protection against disasters. The Bank will take operational and risk management considerations into account when reviewing such requests.
- ^(b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- ^(c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the relevant policies.
- ^(d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- ^(e) GE (Gender Equity) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. DESCRIPTION AND RESULTS MONITORING

A. Background, problem addressed, and rationale

- 1.1 **Macroeconomic context.** The country faces significant challenges in sustaining growth and reducing the fiscal deficit, inflation, and poverty, all against a backdrop of international volatility due to the war in Ukraine. While this context has improved export prices, it has also pushed up the cost of imported energy and placed pressure on domestic prices and the fiscal accounts. In March 2022, a new Stand-By Arrangement was signed with the International Monetary Fund (IMF) to refinance debt falling due under the previous program (US\$44 billion) and provide additional funding.^{1,2,3} Economic activity in the country fell by a cumulative 14% between 2018 and 2020, aggravated by COVID-19.⁴ Although gross domestic product recovered by 10.3% in 2021, it remains 5.2% below its 2017 level. Growth is expected to be 3.5% in 2022. Annual inflation rose to 50.9% in 2021 amid extensive monetary financing of the budget, and has accelerated significantly again in 2022, with market expectations for a rate of 100.3%. The primary balance narrowed by 4 percentage points in the five years prior to the pandemic, reaching -0.4% of GDP in 2019. In 2020, however, a deficit of 6.4% of GDP was recorded due to the impact of COVID-19 on activity and revenue, as well as compensatory fiscal measures. The gap was reduced to 3% in 2021, while a deficit of 2.5% has been agreed upon with the IMF for 2022. The unemployment and poverty rates rose to 11% and 42%, respectively, in the final quarter of 2020, due largely to the impact of the pandemic. These rates began to improve thereafter, with the unemployment rate falling to 6.9% in the second quarter of 2022 and the poverty rate to 36.5%. In line with the country's external financing needs and having fulfilled the conditions of the second review of the arrangement with the IMF, the IDB approved and disbursed US\$700 million under the Special Development Lending category to Argentina in October 2022. These efforts were also joined by other international lending organizations that provided support for the committed financing in the arrangement with the IMF.
- 1.2 **Argentina and climate change.** Argentina is highly vulnerable to climate change and natural disasters due to its large surface area with ecosystems directly exposed to the impacts of global warming, as well as numerous settlements in coastal areas at risk of flooding (German Watch, 2021). Changes have been observed in the country's climate since the second half of the last century, and intense rainfall has increased both in frequency and intensity. The immediate consequence has been an increase in the number of flood events in the south and droughts in the north of the country. The country was affected by 97 large-scale disasters in the 1970-2015 period, 93% of which were of hydrometeorological origin, creating estimated losses of 0.7% of GDP per year.⁵ In the Cuyo region and the Northeast, the wine sector has

¹ The program will last 30 months and is subject to quarterly reviews, which if completed successfully will provide access to program resources.

² IMF, [Press Release 22/89](#)

³ [Argentina – Staff Report for 2022 Article IV Consultation and Request for an Extended Arrangement under the Extended Fund Facility.](#)

⁴ Ministry of the Economy, National Statistics and Census Institute (INDEC), and the [Central Bank of the Argentine Republic.](#)

⁵ [Tercera Comunicación Nacional](#) [Third National Communication], 2015.

been facing its worst drought in decades, while forest fires have multiplied (with the fire in Corrientes this year affecting approximately 1 million hectares).⁶ Inasmuch as agriculture is among the sectors most affected by climate change and because that sector is the largest source of external revenue (amounting to an average of 8.7% of GDP and 60% of exports between 2010 and 2019), climate shocks impact macroeconomic stability. The severe drought experienced by Argentina in 2018 drove a 32% drop in agricultural production, causing GDP to contract by 2.5%. According to government estimates, 2022 could be another record year of precipitation deficit ([Ministry of Agriculture, Livestock, and Fisheries \(MAGyP, 2022\)](#)), with a direct fiscal impact due to the reduction in exports and tax revenue. The fiscal risk increases in the medium and long term based on projections for an increase in natural disasters and higher temperatures, which could rise from between 0.5 and 1 degree Celsius by the end of the century, and by as much as 3°C in the country's Northeast region ([Third National Communication, 2015](#)). Corn and rainfed wheat production, important export products for the country, could decline by around 11% and 8%, respectively, by 2050.⁷ According to the [G20 Climate Risk Atlas](#), Argentina could face systemic losses and negative effects on growth due to climate change. By the end of the century, GDP is expected to fall by 2.5% under a low-emissions scenario and 8.2% under a high-emissions scenario. A World Bank study on the macroeconomic impacts of the climate crisis estimates that, without adaptation actions, Argentina's GDP could slip by as much as 5% by 2050, as compared to a scenario without climate change, and fiscal revenue could fall by 10%.⁸ It is therefore essential to mainstream the climate agenda at the country's ministries, provide them with the necessary budgetary resources, and prepare the private sector and financial markets for a sustainable and inclusive transition.

- 1.3 **Progress made on Argentina's policy framework compared with the region.** Argentina was among the first countries of the region to submit a second [Nationally Determined Contribution](#) (NDC) in 2020, while a 2021 update committed the country to limiting greenhouse gas emission levels to 27% below those in first NDC commitment in 2016. The country will also prepare a long-term low-emissions development strategy (long-term decarbonization strategy (LTDS)) with the aim of achieving carbon-neutral development by 2050. In contrast to most countries of Latin America and the Caribbean, Argentina has already published [Law 27.520 on Minimum Climate Change Mitigation and Adaptation Budgets](#), which provides for the creation of a National Climate Change Cabinet (GNCC), which is an interministerial coordination body for achieving the agreements necessary to meet NDC targets and prepare two core policy frameworks: (i) national climate change adaptation and mitigation plans, aimed at integrating climate change adaptation and mitigation actions into the work of the different government ministries and departments; and (ii) the LTDS. Both frameworks supported by this program are key to ensuring the transition to carbon neutrality.

⁶ Burned areas in Corrientes by vegetation cover. National Institute of Agricultural Technology, 27 February 2022.

⁷ IDB, 2020. [Vulnerability to Climate Change and Economic Impacts in the Agriculture Sector in Latin America and the Caribbean](#).

⁸ World Bank, 2021. [Impactos de las crisis climáticas en la pobreza y las macroeconomías](#) [Impacts of the Climate Crisis on Poverty and Macroeconomics].

- 1.4 **An opportunity for sustainable, resilient growth.** The IMF and the Organisation for Economic Co-operation and Development (OECD) have emphasized the importance of supporting investments that reduce the likelihood of future shocks while improving countries' resilience to those that do occur, whether due to disease, environmental degradation, and/or climate events).^{9,10} To fulfill international climate change commitments and move toward sustainable, resilient growth, the country requires a policy framework that strengthens three essential pillars: (i) in the public sector, facilitating coordination of the various sectors, raising awareness of the impact of climate on the activities of all ministries, and increasing the amount of budget resources allocated to this crosscutting issue; (ii) in the financial markets, creating a favorable financial environment for leveraging private funding for the country's climate agenda; and (iii) in the private sector, fostering production technologies and practices consistent with climate targets in the two sectors with the highest emissions: energy (including transportation) and agriculture/land-use change ([NDC, 2020](#)).
- 1.5 **Challenge 1: Limited planning for climate action and low levels of interagency coordination.** To achieve emissions reduction targets consistent with temperature goals under the Paris Agreement, the region will need to produce 60%-70% of its electricity from renewable sources by 2050. However, based on the greenhouse gas reduction targets proposed in current NDCs, renewable sources would account for only 53% of energy production by 2030,¹¹ and temperatures may therefore rise to as much as 2.3°C-2.6°C¹²—well above the Paris Agreement goal. Although the NDCs are expected to become more ambitious over time, as in the case of Argentina, it is important to lay the foundations for a future LTDS, as provided for in Article 4.19 of the Paris Agreement. This will require an institutional apparatus that obtains regular data on mitigation projects, allowing for frequent updating and reporting of the greenhouse gas inventory and the mainstreaming of climate actions and targets across the different ministries. This mainstreaming will require collective and coordinated efforts by the various ministries. In recognition of this challenge, the government enacted Law 27,621 on Comprehensive Environmental Education, aimed at raising awareness and building technical capacity in this sphere among all civil servants at government agencies. The Presidency of the Republic, with IDB support, also mandated a crosscutting approach in project proposals with international financing, facilitating the prioritization of projects that help the country reduce emissions and adapt to climate impacts. These efforts represent the initial steps in a process that, with IDB support, is expected to lead to the issuance of regulations for the aforementioned law by the different ministries, as well as the development and implementation of a climate budget tagging methodology for identifying climate investments and climate expenditure. It is also key that rules of procedure be approved for the National Climate Change Cabinet, which is responsible for coordinating the different actors involved in preparing national adaptation and mitigation plans and the LTDS. These rules will allow the National

⁹ [Greening the Recovery. Fiscal Affairs](#). IMF, 2020.

¹⁰ [Building Back Better: A Sustainable, Resilient Recovery after COVID-19](#). OECD, 2020.

¹¹ [Stranded Asset Implications of the Paris Agreement in Latin America and the Caribbean](#). Environmental Research Letters. Binsted et al., 2019.

¹² [Climate Action Tracker 2021](#).

Climate Change Cabinet to begin operating effectively and to subsequently operationalize its Advisory Council, which will strengthen linkages between public institutions, private sector entities, and the scientific community.

- 1.6 **Challenge 2: Insufficient budget funding for forest conservation and the need to harmonize policies for biodiversity and agriculture.** Ensuring stable sources of funds will be essential for planning actions in key areas of the climate agenda, such as changes in land use and ranching, which together represent the second largest source of greenhouse gas emissions, at 37% of the total in 2019. Due to the expansion of monocultures and livestock ranching, the Chaco region has the second highest deforestation rates in Latin America and the Caribbean after the Amazon.¹³ Ranching activity is present in most of Argentina's native forests and is one of the main sources of pressure on land use and emissions. Finding a solution that integrates these two aspects will be key. In this respect, national principles and guidelines for forest management with integrated ranching (Manejo de Bosques con Ganadería Integrada, MBGI) were created as an alternative for developing the livestock sector in a way that is compatible with conserving native forests, their biodiversity, and their ecosystem services. In addition, a national plan for forest management with integrated ranching is being prepared, including targets and indicators relating to forest conservation in areas with livestock.¹⁴ As the provinces are responsible for natural resource management in their territories, it will be important for operationalization of this plan that the provinces (mainly those in the Chaco region) sign up to it.
- 1.7 Budget constraints have meant that the country has experienced difficulties in efficiently protecting forests against illegal deforestation and fires. The National Fund for Native Forest Conservation needs sufficient funding to support implementation of the MBGI guidelines and compensate the provinces for environmental services provided by native forests that they conserve. To this end, resources are required for monitoring the respective action plans, helping to build capacity in the provinces for implementing MBGI plans and developing and adjusting local intervention models to build experience with the guidelines. As a result of these efforts, all the provinces are expected to sign up to the MBGI initiative.
- 1.8 In Andean-Patagonian forest regions, meanwhile, the transformation of native forests has been driven primarily by wildfires. Between 2017 and 2018, more than 95% of native forest losses in the provinces of San Luis, La Pampa, and Río Negro were caused by fires.¹⁵ Until 2021, the country only had one properly equipped fire brigade, and there was no stable budget for maintaining an effective nationwide fire prevention and control system. In all of the areas exposed to wildfires, the wildfire season is expected to grow longer, with an increase in the number of days with conditions that promote fire spread. This heightens the urgent need for the country

¹³ Informe de Implementación de la Ley 26.331 [Report on the Implementation of Law 26,331]. Ministry of Environment and Sustainable Development, 2018.

¹⁴ Resolution 360/2018 of the Federal Environmental Council (COFEMA) establishes the MBGI as an alternative for developing the country's ranching and forestry sectors, consistent with the conservation and sustainable use objectives laid out in Law 26,331 (the Forest Act).

¹⁵ Ministry of Environment, 2019. [Causas e impactos de la deforestación de los bosques nativos de Argentina y propuestas de desarrollo alternativas](#) [Causes and effects of native woodland deforestation in Argentina and alternative development proposals].

to expand its fire prevention and response capabilities.¹⁶ With the creation of the National Fire Management Fund in 2022, permanent sources of financing have been created, including a mandatory contribution of 0.3% of insurance premiums in the country.

- 1.9 The two aforementioned issues have led to significant losses of biodiversity and ecosystem services, leading to water scarcity and soil depletion. These effects highlight the need to promote practices (e.g. in agricultural production) that mitigate emissions, preserve resources such as soil and water, and sustain biodiversity.¹⁷ Against this backdrop, the Program to Promote the Conservation and Sustainable Use of Biodiversity in Agroecosystems was created with the aim of spurring the transition to production systems that conserve and/or regenerate biodiversity. This framework proposes actions to strengthen technical capabilities for the design and implementation of agroecological systems. In addition, following the expiry in 2020 of the last national strategy on biodiversity ([Estrategia Nacional sobre la Biodiversidad, 2016-2020](#)), a new strategy is being prepared for 2022-2024 that provides an institutional framework for public biodiversity policies. One of its spheres of action is promoting agroecological production.
- 1.10 **Challenge 3: Lack of a regulatory framework to promote sustainable finance and mobilize private resources.** In addition to sufficient budget funding, private sector resources will need to be leveraged in order to meet climate change targets. According to a United Nations study of sustainable finance in the country, investing in a green finance strategy for Argentina's financial system will be essential.¹⁸ Accordingly, financial instruments need to be developed that promote sustainable, emissions-reducing investments, thus lowering exposure to climate change risks and encouraging leveraging of private funding. Recent international studies have shown that financing for the sustainable management, restoration, or conservation of natural capital is extremely scarce.¹⁹ A recent report by the Paulson Institute estimates the global shortfall in biodiversity financing at approximately US\$824 trillion annually, a gap that public funds alone cannot bridge.²⁰ Innovative financial mechanisms are of vital importance for attracting private investment to the sector. However, a policy framework is needed to foster the development of a sustainable financial market that spurs investment in sectors such as renewable energy, energy efficiency, clean technologies, and the circular economy, as well as ecosystem protection.
- 1.11 Accordingly, it will be essential in terms of sustainable finance in Argentina to: (i) strengthen coordination arrangements; (ii) improve the regulatory framework; and (iii) foster the mobilization of private sector resources. As regards point (i), a sustainable finance technical roundtable (MTFS) was established in 2021 as a mechanism for public sector coordination, led by the Ministry of Economy. With

¹⁶ [United Nations Environment Programme \(UNEP\), 2020.](#)

¹⁷ The 10 Elements of Agroecology: Guiding the Transition to Sustainable Food and Agricultural Systems. Food and Agriculture Organization, 2018.

¹⁸ [UNEP Finance Institute](#) 2020.

¹⁹ Estimation of Resources Needed for Implementing the Post-2020 Global Biodiversity Framework (GBF 2020): Report of the Panel of Experts on Resource Mobilization, Convention on Biological Diversity, 2020.

²⁰ Paulson Institute, 2020. Financing Nature: Closing the Global Biodiversity Financing Gap.

respect to point (ii), sustainable financing instruments require a sound regulatory framework that provides a legal foundation for innovative financing instruments. To promote sustainable finance, the current regulatory framework therefore needs to be strengthened to identify regulatory weaknesses and opportunities for improvement. In terms of point (iii), although the country has made progress toward developing sustainability criteria for the securities markets, the amount of resources mobilized has so far been limited. There is a need to raise awareness surrounding this type of instrument, including the use of funds, project evaluation and selection, and verification mechanisms.

- 1.12 **Challenge 4: Need to accelerate the energy transition and encourage new clean technologies.** The energy, transportation, and agriculture, forestry, and other land use sectors account for more than 70% of greenhouse gas emissions (NDC, 2020). Creating policies that support technology and innovation in core areas for decarbonization of the economy (e.g. renewable energy, e-mobility, and the circular economy) will be key for achieving gradual reductions in emissions. Production of nonconventional renewable energy is still limited, accounting for 12.3% of the energy matrix in 2021. The Guidelines for the Energy Transition Plan (LPTE) to 2030 propose a 30% penetration target for nonconventional renewable energies in that year, potentially reaching 61% once hydropower is included. According to the energy scenarios set out in the LPTE, at least 95% of the expansion in generation capacity in the period to 2030 will be based on renewable energies: mainly wind, hydropower, and solar. This represents a reduction in electricity sector greenhouse gas emissions of between 52.7% and 64.2%. In addition to existing solar and wind power potential, the development of hydrogen production is also of relevance due to its economic and environmental potential, and a ministerial roundtable on hydrogen has therefore been created to prepare a hydrogen strategy. This source of energy is also part of the sustainable mobility strategy, as hydrogen cells can power electric motors and are key for decarbonizing air transportation. The country has been producing approximately 400,000 tons of grey hydrogen annually, and while there is significant potential to develop green hydrogen production, there is no regulatory framework for the sector.²¹ Several IDB technical-cooperation operations and loans are supporting policies to promote renewable energies (paragraph 1.16).²²
- 1.13 With regard to transportation, the sector's carbon footprint in Argentina has grown significantly in recent decades due to rapid motorization. In 2016, transportation accounted for 14% of total greenhouse gas emissions, underlining the need to promote the use and local production of vehicles powered by nonconventional energy sources. The [National Transportation and Climate Change Action Plan](#) was launched in 2017 to promote the use of mass transit and nonmotorized transportation. The plan acknowledges the fact that there are still no rules in the

²¹ Argentina's northeastern region has the highest levels of solar radiation in the world—practically double the world average, at an annual 2,800 kilowatts per hour per cubic meter. Patagonia's strong winds offer enormous potential for wind energy, and this represents a major advantage for green hydrogen production (Presidency of the Argentine Republic, 2021. [Hacia una Estrategia Nacional de Hidrógeno 2030](#)) [Toward a National Hydrogen Strategy 2030].

²² The IDB is financing studies that will serve as inputs into [future energy scenarios](#) and the hydrogen strategy (an analysis of the available technologies needed for hydrogen production, storage, and transportation, and an analysis of costs and possible future price trends in response to expected world demand).

country that establish the standards needed to develop e-mobility. In this respect, the e-mobility Promotion Law is key for development of the sector, as it creates tax incentives, quotas for electrical vehicles as part of public sector fleet renewal plans, and curbs the sale of internal combustion engine vehicles from 2041 onward.

- 1.14 In terms of the circular economy, 45,000 tons of urban solid waste are produced daily in Argentina, equivalent to one ton of garbage every two seconds. The sanitary landfills used to dispose of household waste in urban centers are major sources of greenhouse gas emissions—primarily methane, a gas that is more polluting than CO₂. The country has a low urban solid waste recovery rate (2%) and, with different forms of IDB support, has been improving waste management capabilities and building the institutional capacity of sector participants at different levels. The National Circular, Inclusive, Community, and Local Economy Strengthening Program (PRECICLO) has been created to strengthen the ability of cooperatives and companies dedicated to the integrated management of waste materials to increase their recovery of these materials and reduce urban garbage and solid waste, in turn reducing the emissions generated. In addition, following the issuance of regulations under Law 25,916 on Minimum Budgets for Residential Waste Management, urban solid waste recovery is expected to rise to 80%, in line with PRECICLO objectives. All these efforts are complemented by the Green Production Development Plan (PDPV), which seeks to boost the number of local companies participating in the renewable energy and e-mobility sectors and the circular economy. A PDPV coordination cabinet is expected to be established to manage the plan, monitor its results, and ensure its continuity over time (paragraph 1.16).
- 1.15 **The gender dimension must be part of Argentina's sustainable finance and climate agenda.** One of the lines of action highlighted in the strategic objectives of the country's sustainable finance protocol²³ is financing for productive projects led by women, with the aim of strengthening financial inclusion and the capital markets. Similarly, the MTFS's 2021 report on activities²⁴ mentions the importance of providing finance to micro, small, and medium-sized enterprises (MSMEs) led by women, in recognition of the barriers faced by women entrepreneurs on both the demand and supply sides.²⁵ For example, women tend to own or accumulate fewer assets that can be used as collateral, and their businesses are often concentrated in sectors in which collateral is less accessible, as in the case of the services sector. There are also limitations on the supply side, such as gender biases in lending (conscious or unconscious) and a lack of financial products and services offering a satisfactory value proposition for women entrepreneurs.²⁶ Such obstacles have led to a situation in which only 8% of Argentine companies are led by women,²⁷ versus 21.4% in Latin America and the Caribbean and 18% worldwide. With respect to production, women-led MSMEs are more prevalent in the trade and services sector, which have been the economic sectors worst affected by the crisis. Around 80% of

²³ [Sustainable Finance Protocol, Argentina.](#)

²⁴ [Reporte de Actividades 2021, Mesa Técnica de Finanzas Sostenibles](#) [Report on Activities 2021, Sustainable Finance Roundtable].

²⁵ Género y Acceso al Financiamiento Empresarial [Gender and Access to Business Financing], IDB, 2020.

²⁶ Comisión para el Mercado Financiero de Chile [Chilean Financial Market Commission], 2020.

²⁷ [Enterprise Survey, 2017.](#)

companies headed by women are focused on sectors that were heavily affected by COVID-19, versus around 70% in the case of companies led by men.²⁸ In this context, it will be important to prepare a roadmap for the development of sustainable finance in the country, as well as a climate strategy that includes a differentiated gender perspective. The former is being supported under the umbrella of the MTFS, while the climate strategy is being prepared by the National Climate Change Cabinet (see Annex III, Results Matrix).

- 1.16 **Program value added.** The program's value added lies in that it: (i) supports the mainstreaming and planning of the sustainability agenda in government, which includes a medium- and long-term vision, aspects that are key to mitigating the fiscal ramifications of climate shocks (paragraph 1.26); (ii) creates a regulatory framework to leverage additional resources for the climate agenda in the capital markets, which is essential in an adverse macroeconomic context (paragraph 1.28); and (iii) proposes ambitious policies and targets for the gradual decarbonization of the energy matrix, together with measures to curb deforestation (paragraph 1.30). The second operation of this programmatic series, which is expected to be approved in 2023, will strengthen the measures supported by the first, reinforcing the country's capacity to implement a sustainable transition (paragraphs 1.27, 1.29, and 1.31).
- 1.17 **IDB support for the program's policies.** The measures addressed in this program are the result of the Bank's sustained dialogue with the country and have been supported by a variety of studies,²⁹ loans, and technical-cooperation operations, laying the groundwork for the measures contained in the policy matrix, especially during the last five years. Operations [ATN/MC-17416-RG](#)³⁰ and [ATN/MC-15367-RG](#)³¹ have contributed to the design of Argentina's NDC. Along these same lines, the climate change budget tagging methodology and the mainstreaming of that methodology into the country's budget were financed by technical-cooperation operation [ATN/OC-18116-RG](#).³² With respect to sustainable finance and innovative financing instruments for climate risk mitigation and action, the following operations have been of importance: [4565/GN-AR](#),³³ [ATN/GN-16815-AR](#),³⁴ and [ATN/OC-19091-AR](#).³⁵ In line with the PDPV, calls for proposals from businesses are being supported on topics such as renewables, the circular economy, and energy

²⁸ The Mastercard Index of Women Entrepreneurs, 2020.

²⁹ These studies include the following: [Climate Change Public Budget Tagging: Connections across Financial and Environmental Classification Systems](#) (IDB, 2020); [Getting to Net-Zero Emissions: Lessons from Latin America and the Caribbean](#) (IDB, 2019); [Jobs in a net-zero emissions future in Latin America and the Caribbean](#) (IDB/International Labor Organization, 2020); and [Vulnerability to Climate Change and Economic Impacts in the Agriculture Sector in Latin America and the Caribbean](#) (IDB, 2020).

³⁰ Approved in 2019 for US\$1 million, 81.06% this technical-cooperation operation for research and dissemination activities has thus far been disbursed.

³¹ Approved in 2015 for US\$1.5 million, this technical-cooperation operation has been fully executed and was finalized in 2020.

³² Approved in 2020 for US\$250,000, 58.36% of this technical-cooperation operation for research and dissemination activities has thus far been disbursed.

³³ Approved in 2018 for US\$100 million, 36.66% of the proceeds of this loan have thus far been disbursed.

³⁴ Approved in 2018 for US\$3 million, 30.98% of the proceeds of this technical-cooperation operation for operational support have thus far been disbursed.

³⁵ Approved in 2021 for US\$330,000, the proceeds of this technical-cooperation operation for client support are currently eligible.

efficiency, through operation [5293/OC-AR-2](#).³⁶ Institutional strengthening has also been supported for integrated solid waste management under operation [3249/OC-AR](#),³⁷ laying the foundations for PRECICLO.

- 1.18 Regarding the energy transition, operations [ATN/OC-16499-AR](#)³⁸ and [ATN/OC-16500-AR](#)³⁹ have provided support for developing long-term energy scenarios, including the LPTE to 2030. Operation [3759/OC-AR](#)⁴⁰ has financed three key studies for the preparation of a draft hydrogen promotion law, with the aim of evaluating the current status of the hydrogen market and its competitive viability for the development of domestic and export markets. The IDB has also been providing support for the National Energy Transition Plan 2030 and the LTDS for the energy sector through operation [ATN/OC-19222-AR](#)⁴¹ and energy scenario studies.⁴² All these operations have supported dialogue with the authorities and have contributed to the policy matrix that supports this operation. Furthermore, technical-cooperation operation [ATN/OC-19456-AR](#)⁴³ has made it possible supplement support to the country for implementing its NDC, strengthening the National Climate Change Cabinet, and developing the National Climate Change Adaptation and Mitigation Plan (PNAyMCC), along with national principles and guidelines for forest management with integrated ranching, the National Biodiversity Strategy 2022-2024, and the preparation of technical studies to support the second operation in this programmatic series.
- 1.19 Lastly, there are complementarities with the work of IDB Invest and IDB Lab. IDB Invest has been supporting the sustainable finance protocol for Argentina's banking industry, which seeks to facilitate and promote the implementation of international best practices and policies for the incorporation of environmental, social, and governance factors in financial entities operating in the country.⁴⁴ In collaboration with the IDB's Water and Sanitation Division, IDB Lab has been providing support for [Latitud R](#), a regional platform that seeks to support the development of recycling systems that are inclusive and economically, socially, and environmentally sustainable. It encourages the formalization of waste pickers, promotes improvements in their conditions, and fosters development of the circular economy in Latin America.

³⁶ Approved in 2021 for US\$230 million, 11.04% of the proceeds of this loan have thus far been disbursed.

³⁷ Approved in 2014 for US\$150 million, 76.33% of the proceeds of this loan have thus far been disbursed.

³⁸ Approved in 2018 for US\$200,000, this technical-cooperation operation for client support has been fully executed and was finalized in 2021.

³⁹ Approved in 2017 for US\$300,000, this technical-cooperation operation for client support has been fully executed and was finalized in 2021.

⁴⁰ Approved in 2016 for US\$13 million, 57.63% of this loan has thus far been disbursed.

⁴¹ This technical-cooperation operation for client support was approved on 20 April 2022 for US\$400,000.

⁴² IDB/UNDP, 2018. [Escenarios Energéticos Argentina 2040: Coincidencias y divergencias sobre el futuro de la energía en Argentina](#) [Energy Scenarios Argentina 2040: Agreements and Differences Regarding the Future of Energy in Argentina].

⁴³ This technical-cooperation operation for operational support was approved on 19 August 2022 for US\$450,000.

⁴⁴ Currently, 23 public and private banks have signed onto the protocol.

- 1.20 **Technical knowledge and lessons learned.** As has been demonstrated in studies undertaken by the Bank, deep decarbonization of the economy strengthens a country's sustainable growth path by generating [net economic benefits](#) and [creating jobs](#). The design of this program takes into account the [lessons learned](#) from decarbonization programs in Latin America and the Caribbean and in related sectors such as the public finances, production-oriented development, the energy transformation, and agriculture, forestry, and other land use. The Bank has played an important role in preparing the program, with support through technical-cooperation operations, studies, and other policy-based loans from which different lessons have been learned that have been taken into account in designing this program, as follows: (i) it is essential that specific budget funds be allocated to implementation of the priority areas, so that policies can be translated into specific actions ([4988/OC-CR](#) and [5398/OC-CO/5399/KI-CO](#)). Some of the measures included relate to the creation of funds for implementing climate actions; (ii) given the sensitivities surrounding decarbonization issues and the need for coordinated action between several ministries, the time needed for the measures to mature must be taken into account ([5044/OC-EC](#)). The program is designed in two phases with sequenced commitments, and it will be evaluated within no more than two years following completion; and (iii) there is a need for effective coordination and distribution of responsibilities between the different bodies participating in design and implementation of the reforms, particularly in the case of multisector programs ([5278/OC-CH](#)).
- 1.21 **Coordination with other donors.** This operation is aligned with the arrangement signed with the IMF to refinance debt falling due under the previous program and provide additional funding (paragraphs 1.1 and 3.2). Synergies are also expected with the activities of the United Nations Development Programme (UNDP) and UK Partnering for Accelerated Climate Transitions (UK PACT). The former has been assisting the Argentine government in preparing a roadmap for the development of a sustainable finance taxonomy, as well as the long-term climate scenarios. UK PACT, meanwhile, has been supporting the taxonomy roadmap and a framework for Argentine financial institutions to report lending in alignment with the Sustainable Development Goals. The IDB also expects budget tags to be developed under a technical-cooperation operation supported by a [fund to strengthen green fiscal policies](#), which is financed by the German government's international climate initiative (IKI) (paragraph 1.17). The policies supported complement the efforts of the World Bank and the United Nations agencies to strengthen the country's institutional and regulatory framework for achieving NDC targets and to support progress under the LTDS.
- 1.22 **Strategic alignment.** The program is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is aligned with the challenges of (i) productivity and innovation, in that it creates favorable conditions for innovation through improvements in the regulatory framework, thus facilitating the spread of new energy alternatives, the development of new services that reduce environmental impact, and an expansion in sustainable finance; and (ii) economic integration, through improved competitiveness for integration into regional and global markets. It is also aligned with the crosscutting themes of: (i) climate change, as all of the policy measures under this first operation support the attainment of the climate commitments included in the country's NDC (it is estimated, based on the

[multilateral development banks' joint methodology for tracking climate finance](#), that 100% of the resources will be invested in climate finance, thus contributing to the IDB's climate financing target of 30% of the volume of annual approvals); (ii) environmental sustainability, in that the program supports a robust policy framework that will help to protect the environment and biodiversity (Component 2); (iii) gender equity, as it encourages the mainstreaming of a gender perspective in policies relating to sustainable finance and also includes an output matrix indicator concerning the National Climate Change Cabinet's preparation of the national gender, diversity, and climate change strategy; and (iv) institutional capacity and rule of law, given that the policy actions associated with policy objective 2.2. seek to strengthen the institutional capacity of the Ministry of Environment and Sustainable Development and the Ministry of Economy (paragraph 1.26), as well as interagency coordination capabilities with respect to climate action policies (in the case of the National Climate Change Cabinet) and sustainable finance (in the case of the MTFS) (paragraphs 2.5 and 3.2).

- 1.23 The program will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicator of greenhouse gas emissions avoided. The program is also aligned with the IDB Group Country Strategy with Argentina 2021-2023 (document GN-3051), particularly the priority area of economic recovery and productive development 4.0 and the strategic objectives of (i) moving toward environmental sustainability, and (ii) expanding coverage and access to finance for the sustainable productive sector. It is also consistent with the following sector frameworks: (i) Climate Change Sector Framework Document (document GN-2835-8), as it supports the implementation of an energy transition that will facilitate a low-carbon economy and promote clean technologies and policies; (ii) Transportation Sector Framework Document (document GN-2740-12), as it supports the promotion of e-mobility as a step toward environmentally sustainable transportation; (iii) Energy Sector Framework Document (document GN-2830-8), in that it supports the transition to renewable sources of energy; (iv) Environment and Biodiversity Sector Framework Document (document GN-2827-8), given that it encourages the sustainable management of natural capital and natural disasters such as forest fires; (v) Agriculture Sector Framework Document (document GN-2709-10), as it fosters environmentally sustainable agricultural practices; (vi) Innovation, Science, and Technology Sector Framework Document (document GN-2791-8), in that it coordinates technological innovation efforts and resilient, low-emission productive development; (vii) Support to SMEs and Financial Access/Supervision Sector Framework Document (document GN-2768-7), given that it promotes the sustainable finance market; and (viii) Gender and Diversity Sector Framework Document (document GN-2800-8), through the inclusion of a gender perspective in policies.

B. Objectives, components, and cost

- 1.24 **Objective.** The general development objective is to support sustainable, resilient growth in Argentina. The specific development objectives are to (i) strengthen the government's capacity to plan and finance climate action, (ii) develop a framework to promote sustainable public finances, and (iii) foster policies that support the circular economy and decarbonization. The program is structured into the following components:

- 1.25 **Component 1. Macroeconomic stability.** The objective of this component is to ensure the maintenance of a macroeconomic context that is consistent with the program objectives set forth in the policy matrix and the [policy letter](#).
- 1.26 **Component 2. Institutional framework for climate action.** The objective of this component is to strengthen the institutional framework for climate action in Argentina. Support will be provided in two areas: (i) climate action programs, strategies, and funds, through the following actions: 2.1.1. submission of the updated NDC to the United Nations Framework Convention on Climate Change (UNFCCC); 2.1.2. approval of Law 27,621 for the Implementation of Comprehensive Environmental Education in the Argentine Republic; 2.1.3.1. doubling of the budget allocated to the National Fund for the Enrichment and Conservation of Native Forests (FNECBN);⁴⁵ 2.1.3.2. approval of the National Principles and Guidelines for Forest Management with Integrated Ranching, in accordance with Law 26,331; 2.1.4. creation of the National Fire Management Fund trust fund; and 2.1.5. creation of the Program to Promote the Conservation and Sustainable Use of Biodiversity in Agroecosystems; and (ii) climate action institutions and processes, through the following actions: 2.2.1. creation of the National Register of Climate Change Mitigation Projects (RNPMCC); 2.2.2. approval of the National Climate Change Cabinet rules of procedure; 2.2.3.1. implementation of the mainstreaming of climate change in project proposals with international financing for the Argentine Republic; and 2.2.3.2. issuance of the circular authorizing application of the climate change budget tagging methodology in the national budget. These actions contribute, among other things, to the mainstreaming of the climate agenda across the different sector ministries and to the availability of resources and guidelines that help to strengthen the protection of ecosystems against a backdrop of increasing deforestation and forest fires.
- 1.27 In relation to Component 2, the second operation in this programmatic series envisages the following measures, which aim to provide continuity to and/or deepen the policy actions supported under this program: (i) to encourage climate action programs, strategies, and funds within the framework of Argentina's NDC, support will be provided for the following actions: 2.1.1.1. preparation and publication of the National Climate Change Adaptation and Mitigation Plan; 2.1.1.2. preparation of a National Long-term Scenario Program; 2.1.2. issuance of regulations under Law 27,621 for the Implementation of Comprehensive Environmental Education in the Argentine Republic; 2.1.3.1. doubling of annual Treasury financing of the FNECBN relative to 2022 levels; 2.1.3.2. preparation and publication of the National Plan for Forest Management with Integrated Ranching; 2.1.3.3. participation agreements for the National Plan for Forest Management with Integrated Ranching signed by at least five provinces; 2.1.4. resolution creating new fire brigades and strengthening and expanding the National Fire Management Service, with support from the National Fire Management Fund; and 2.1.5. preparation and publication of the Argentine National Biodiversity Strategy 2022-2024 (building on the creation of the Program to Promote the Conservation and Sustainable Use of Biodiversity in Agroecosystems); and (ii) to help consolidate climate action institutions and processes, the following actions will be supported: 2.2.1.1. issuance of rules creating

⁴⁵ As indicated in the results matrix, the baseline is Arg\$1.212 billion (2021).

- the office responsible for managing the RNPMCC; 2.2.1.2. issuance of binding regulations creating the office responsible for managing the RNPMCC; 2.2.2. publication of a resolution formalizing and regulating the composition of the National Climate Change Cabinet's External Advisory Council; and 2.2.3.1. submission to the Congress of the draft 2023 budget law with climate change budget tags.
- 1.28 **Component 3. Sustainable finance.** The objective of this component is to develop a favorable framework for sustainable finance that will allow scalable mobilization of the resources needed to catalyze public and private investments that support the attainment of economic and social targets linked to the Sustainable Development Goals (including the country's climate change mitigation and adaptation targets). Accordingly, support will be provided for the following actions: (i) as a first step toward developing sustainable finance in Argentina, 3.1.1. approval of a roadmap, including a gender dimension,⁴⁶ coordinated by the MTFS; (ii) to strengthen the involvement of Argentina's financial market regulators in sustainable finance, 3.1.2.1. signing of a joint declaration by the regulators for banking, insurance, and the capital markets, aimed at promoting sustainable finance and climate risk management, and 3.1.2.2. membership of the Central Bank of the Argentine Republic in the Network of Central Banks and Supervisors for Greening the Financial System (NGFS); (iii) to promote the issuance of sovereign green, social, and sustainability (GSS) bonds, 3.1.3. design of a roadmap for the development of a framework for sovereign GSS bonds; and (iv) to promote sustainability in the capital markets, support will be provided for the following actions within the framework of the Guidelines for Issuing Negotiable GSS Securities in Argentina: 3.1.4.1. updating of the sustainability guidelines for socially responsible investments, GSS bonds issues, and external reviewers for GSS bonds, under the Guidelines for the Emission of Marketable GSS Securities, including a gender dimension; and 3.1.4.2. incorporation of special regimes for sustainable collective investment products,⁴⁷ including financial trust funds and open- and closed-end mutual funds. Through the proposed instruments, this component will encourage sustainable bond issues and investment funds that allocate resources to projects with a high climate impact.
- 1.29 Under the second operation in the programmatic series, Component 3 is expected to support the following measures: (i) as part of execution of the roadmap for the development of sustainable financing in Argentina, approved under the first program, 3.1.1.1. implementation of a National Sustainable Finance and Climate Change Survey, and 3.1.1.2. preparation and submission to the MTFS of a National Sustainable Finance Strategy, including a gender dimension; (ii) consistent with the joint declaration by financial regulators under the first program, 3.1.2.1. preparation and submission to the MTFS of a roadmap for designing and implementing a financial innovation laboratory in Argentina with the participation of the country's

⁴⁶ For the purposes of this component, the gender perspective will be incorporated into policy actions 3.1.1. and 3.1.4.1., respectively, by: (i) reporting on signatories' actions with respect to the financing needs of women-led companies, in terms of the design and promotion of instruments; and (ii) ensuring gender nondiscrimination in the creation of mutual funds.

⁴⁷ Funds that support environmental and social projects or activities consistent with their sustainable investment guidelines and UNDP standards.

- banking, insurance, and capital market regulators, aimed at fostering sustainable finance and climate risk management solutions, and 3.1.2.2. approval of a sustainability strategy for the capital markets regulator; (iii) to encourage sovereign GSS bond issues, 3.1.3. preparation of a sovereign GSS bond framework, including a gender dimension; and (iv) to strengthen the sustainability approach in the capital markets, 3.1.4.1. the implementation of public consultations to update the Guidelines for Issuing Negotiable GSS Securities in Argentina, including a gender dimension, 3.1.4.2. preparation of guidelines for the reporting and voluntary disclosure of environmental, social, and governance factors, including a gender dimension, with a view to expanding the supply of sustainable collective investment products, and 3.1.4.3. preparation and submission to the MTFS of guidelines for the design of a local sustainable finance taxonomy, including a gender dimension.
- 1.30 **Component 4. Technology and innovation to support decarbonization and the circular economy.** The objective of this component is to encourage technology and innovation that help to reduce productive sector emissions and gradually decarbonize the energy matrix through support in three key areas: (i) the circular economy and urban waste, through action 4.1.1. creation of the National Circular, Inclusive, Community, and Local Economy Strengthening Program (PRECICLO); (ii) green technology and innovation, through actions 4.2.1. creation of the Green Production Development Plan, and 4.2.2. submission to the Congress of a draft e-Mobility Promotion Law; and (iii) the energy transition, through action 4.3.1. approval of the Guidelines for an Energy Transition Plan to 2030. This component will contribute to the attainment of CO₂ emissions reduction targets, as well as an expansion in recycling, increased clean technology supply and demand in the productive sector, and a gradual transition to a greener energy matrix.
- 1.31 Under the second operation in the programmatic series, Component 4 is expected to support the following measures: (i) to build on the actions in the first program and promote the circular economy and urban waste management, 4.1.1. the issuance of regulations under Law 25,916 on Minimum Budgets for Residential Waste Management; (ii) to promote green technology and innovation, 4.2.1. creation of the Coordination Cabinet for the Green Production Development Plan, and 4.2.2. submission to the Congress of the draft Hydrogen Promotion Law to foster sustainable mobility; and (iii) to continue promoting the energy transition, 4.3.1.1. preparation of the National Energy Transition Plan 2030, and 4.3.1.2. preparation of the National Long-Term Energy Transition Plan to 2050.
- C. Key results indicators**
- 1.32 **Expected outcomes.** The impact of the program's general development objective will be a reduction in CO₂ emissions. The main outcomes associated with the specific development objectives will be as follows: (i) number of projects entered in the National Register of Mitigation Projects; (ii) climate action strategies delivered by the National Climate Change Cabinet; (iii) hectares of native forests under management or conservation plans; (iv) budget allocations to the FNECBN; (v) number of banks with environmental and social risk analysis systems; (vi) number of GSS bonds issued in accordance with the updated Guidelines for Issuing Negotiable GSS Securities in Argentina; (vii) number of open-end environmental, social, and governance funds launched; (viii) percentage of materials recycled; (viii) proportion of the population with access to the differentiated collection

system; (ix) number of renewable energy and energy efficiency projects supported as part of the Green Production Development Plan; (x) percentage of the national energy matrix provided by renewable sources; and (xi) percentage of the national energy matrix provided by nonconventional renewable sources.

- 1.33 **Economic evaluation.** An efficiency analysis of the use of financial resources is not required, as envisaged in paragraph 1.3 of the Review of the Development Effectiveness Matrix for Sovereign Guaranteed and Non-Sovereign Guaranteed Operations (document GN-2489-5), based on the recommendations of the 2011 Evaluability Review of Bank Projects conducted by the Office of Evaluation and Oversight (OVE)⁴⁸ and the findings of the review of evaluation practices and standards for policy-based loans conducted by the Evaluation Cooperation Group⁴⁹ (ECG).⁵⁰ Accordingly, it has been determined and reported to the Bank's Board of Executive Directors that no economic analysis will be performed for this type of loan.⁵¹ Accordingly, this loan operation does not require an economic analysis and no such analysis is considered for purposes of measuring the evaluability score in the program's development effectiveness matrix.
- 1.34 **Beneficiaries.** The program is expected to benefit the entire population of the Argentine Republic due to the scale and crosscutting nature of the reforms and their expected contribution to sustainable, resilient economic growth.

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This operation is the first of two consecutive loan operations that are technically linked but financed separately as programmatic policy-based loan (PBP) operations, based on document CS-3633-2 (Policy-Based Loans: Guidelines for Preparation and Implementation). The programmatic modality is justified by: (i) the medium- and long-term nature of the reforms addressed, as established in the policy matrix and the borrower's [policy letter](#); (ii) the complex and gradual nature of the reforms; (iii) the varying time horizons for implementation of the reforms; (iv) coordination between the institutions involved; (v) support for the policy dialogue in the country; and (vi) the support required to implement and manage the reforms and obtain feedback on results. This PBP will allow for design and consolidation of the policy guidelines and institutional and regulatory changes required to achieve the operation's objective, and it will facilitate substantive reforms over the course of 2022 and 2023. The Argentine government has confirmed its interest in moving ahead with a second operation of this program in 2023 in the amount of US\$300 million.

⁴⁸ Document RE-397-1: "Currently, the score for the economic analysis section is computed as the maximum between the CBA (cost-benefit analysis) and the CEA (cost effectiveness analysis). Yet neither a cost-benefit analysis nor a cost-effectiveness analysis is applicable to PBLs."

⁴⁹ Composed of the independent evaluation offices of the multilateral development banks.

⁵⁰ Good Practice Standards for the Evaluation of Public Sector Operations. Evaluation Cooperation Group, Working Group on Public Sector Evaluation, 2012 Revised Edition. February 2012.

⁵¹ According to the ECG, policy-based loans should be evaluated for relevance, effectiveness, and sustainability. Efficiency was not included as a criterion, since the size of the PBL is related to a country's financing gap, independent of the project's benefits.

- 2.2 **Operation amount.** In accordance with paragraph 3.27 (b) of Policy-based Loans: Guidelines for Preparation and Implementation (new version, document CS-3633-2), the size of the operation was based on the fiscal resource requirement faced by the country. Financing under the operation will be US\$500 million from the Bank's regular Ordinary Capital, which will be disbursed as a single tranche. According to the program agreed upon with the IMF, the Argentine government's net financing needs in 2022 are 4% of GDP. The PBP represents 1.1% of the country's financing needs and 3.1% of its external financing needs in 2022. The primary fiscal deficit projected in the arrangement with the IMF comprises a deficit of 1.9% in 2023, 0.9% in 2024, and return to equilibrium in 2025.

B. Environmental and social risks

- 2.3 Consistent with the Environment and Social Policy Framework (document GN-2965-23), no ex ante impact classification is required for this program. The operation supports the development of policies, regulations, management instruments, and other institutional strengthening actions, so no significant direct impacts on the environment or natural resources are anticipated.

C. Fiduciary risks

- 2.4 No fiduciary risks associated with the operation have been identified. Funds under the operation will be disbursed directly to the Treasury, from where they will be drawn by the Ministry of Economy to cover central government financing needs; the executing agency has suitable financial management tools and control systems for this purpose.

D. Other key issues and risks

- 2.5 A medium-high risk has been identified in relation to organizational structures, as in the absence of clear arrangements for interagency coordination, interactions between the multiple entities involved in the program could be hampered, leading to delays in implementing the policy reforms. To mitigate this risk, the National Climate Change Cabinet and MTFS will assist the Ministry of Economy, in its role as executing agency, to coordinate policies across the different areas of the national and federal government, as well as with civil society (paragraph 3.2). Given the innovative nature of the issues addressed by the program, a medium-high risk has also been identified relating to internal processes, as insufficient capacity of the counterparts could create delays in implementing the measures. To mitigate this risk, the Bank will continue to support the Argentine government through the policy dialogue and its other portfolio operations so as to ensure sufficient capability on the part of the executing agency. Technical-cooperation operation [ATN/OC-19456-AR](#) will support the policy actions planned under the second operation in this programmatic series (paragraph 1.18). A medium-high risk has also been identified in relation to the political environment: in the event of a shift in national policy priorities, it could be difficult to complete the two operations proposed under the programmatic series. This risk will be mitigated as the policy reform conditions included in the programmatic series are expected to be fulfilled before the current government's term in office ends in 2023. A broad mitigating factor relating to the identified risks is that the Ministry of Economy has experience as the executing agency for other policy-based loans, as in the case of loans [4569/OC-AR](#) (approved in 2018), [4622/OC-AR](#) (approved in 2018), and [4755/OC-AR](#) (approved in 2019).

- 2.6 **Sustainability.** The policies on which this operation is based are supported by a sound regulatory framework that is grounded in national legislation. The program's sustainability will be achieved not only by aligning all supported actions with the Argentine Republic's national policies, but also through coordination with government agencies with regard to the National Climate Change Cabinet for promoting the gradual decarbonization of key economic sectors and leveraging private investments to meet its long-term climate change commitments (paragraph 1.3).

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower will be the Argentine Republic and the executing agency will be borrower, through the Ministry of Economy. The executing agency will be responsible for (i) coordinating all aspects of the actions indicated in this operation with the agencies responsible, including the Ministry of Environment and Sustainable Development; (ii) providing evidence that the programmatic policy actions have been fulfilled, as well as any other program-related evidence required by the Bank to approve the respective disbursement; and (iii) once the program disbursement has been approved, collecting information on the performance indicators for use in evaluating program results. The executing agency will use the institutional means at its disposal to ensure effective coordination among public agencies as regards the policy actions included in this operation. It will also support the Bank in coordinating as necessary with the agencies responsible for the measures that are part of this operation.
- 3.2 **Institutional coordination arrangements.** In performing its coordinating role and ensuring compliance with the policy actions (paragraph 3.1), the Ministry of Economy will be supported by two interagency bodies: (i) the National Climate Change Cabinet (paragraphs 1.3, 1.5, and 1.26), for coordinating climate action policies across the different areas of the national and federal government and with civil society; and (ii) the MTFS (paragraphs 1.11 and 1.28), for policy actions relating to sustainable finance.
- 3.3 **Special contractual clauses precedent to the sole disbursement of the loan proceeds. The sole disbursement of resources under this loan is subject to the borrower's compliance, to the Bank's satisfaction, with the policy reform conditions laid out in the policy matrix and the [policy letter](#), as well as the conditions established in the loan contract.**

B. Summary of arrangements for monitoring results

- 3.4 The forecasts contained in the policy matrix (Annex II), means of verification matrix ([required link 2](#)), and results matrix (Annex III) will be the parameters used to supervise and evaluate the program. The fulfillment of policy commitments will be performed through the Ministry of Economy.
- 3.5 The objective of the program evaluation will be to verify whether the planned outcomes and impacts have been achieved. It will be carried out once the time period indicated in the program monitoring and evaluation plan for compliance has lapsed ([required link 3](#)). A project completion report will be prepared by the project

team upon completion of the operation,⁵² within a period of no more than two years following disbursement, based on the IDB guidelines in force.

IV. POLICY LETTER

- 4.1 The [policy letter](#) issued by the borrower describes the macroeconomic and sector policies that are being implemented by the Argentine Government, which are consistent with the policy measures to be supported under this program. The letter confirms the government's commitment to implement the agreed conditions, which are described in the program policy matrix.

⁵² Should the second operation in the programmatic series be approved, the project completion report will be prepared following completion of the second operation.

Development Effectiveness Matrix		
Summary		AR-L1351
I. Corporate and Country Priorities		
Section 1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Issues	-Productivity and Innovation -Economic Integration -Gender Equality and Diversity -Climate Change -Institutional Capacity and the Rule of Law	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Emissions avoided (annual tons CO2 equivalent)	
2. Country Development Objectives		
Country Strategy Results Matrix	GN-3051	(i) Expand coverage and access to financing for the sustainable productive sector; (ii) Moving towards environmental sustainability
Country Program Results Matrix		The intervention is not included in the 2022 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution		7.9
3.1 Program Diagnosis		2.5
3.2 Proposed Interventions or Solutions		1.6
3.3 Results Matrix Quality		3.8
4. Ex ante Economic Analysis		N/A
5. Monitoring and Evaluation		9.5
5.1 Monitoring Mechanisms		4.0
5.2 Evaluation Plan		5.5
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood		Medium Low
Environmental & social risk classification		N.A.
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)		
Non-Fiduciary	Yes	Monitoring and Evaluation National System, Environmental Assessment National System.
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project	Yes	The technical cooperation AR-T1292 will provide operational support. Its objective is to support the country in the implementation of its NDC and in the design of its LTS. Likewise, this TC is intended to support the policy actions planned for the second operation under this programmatic series.

Evaluability Assessment Note: Argentina is highly vulnerable to climate change (CC) with frequent natural disasters that cause annual losses estimated in 0.7% of GDP and fires increasing in frequency that have already impacted one million hectares this year. Argentina has been one of the first countries in LAC to subscribe to the Nationally Determined Contribution of GHG emissions; with the goal of reaching carbon neutrality by 2050 and with laws geared toward this goal in addition to the creation of the National Cabinet for Climate Change (GNCC for its initials in Spanish). In this context, the general objective of the program is to contribute to a sustainable and resilient growth in Argentina.

The specific objectives are to: (i) strengthen the government's capacity to plan and finance climate action; (ii) develop a favorable framework for sustainable financing; and (iii) promote policies that contribute to the circular economy and decarbonization. Highlighting here just a few of the actions prompted by the program we find: (i) it will support programs, strategies, and funds for climate action including the doubling of the budget destined for the National Fund for Native Forest Conservation and Enrichment; (ii) it will support the mainstreaming of a climate focus in the country's projects with international financing; (iii) it will enact a methodology for budgeting earmarks for CC; (iv) it will promote banks' subscription to the national system for a Joint Declaration in Support of Sustainable Financing; (v) it will promote the delineation of the guidelines for the Emission of Negotiable Social Marketable Securities in Argentina; (vi) and it will also provide support for the National Program in Support of the Circular Economy – PRECICLO, amongst many other policy actions supported. The program diagnostic is solid and its vertical logic coherent. Some of the main medium-term results include: (i) the native forest hectares under the protection of the National Conservation Plan; (ii) the budget destined to the National Fund for the protection of native forests; (iii) the amount of green bonds issued under the new guidelines promoted by the program; (iv) the percent of recycled material; and (v) the percent of the population with access to the system for differentiated waste collection; amongst others. At closure, the program will be assessed by a before-and-after evaluation.

POLICY MATRIX

PROGRAM OBJECTIVES:	The program's general development objective is to support sustainable, resilient growth in Argentina. The specific development objectives are to (i) strengthen the government's capacity to plan and finance climate action; (ii) develop a framework to promote sustainable finance; and (iii) foster policies that support the circular economy and decarbonization.
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Components/Policy objectives	Policy actions, programmatic loan I	Status of compliance with conditions under programmatic loan I ¹	Indicative policy actions, programmatic loan II
Component 1: Macroeconomic stability			
1.1.1 Macroeconomic stability	1.1.1. Maintenance of an appropriate macroeconomic framework that is consistent with program objectives, as established in the policy matrix	Fulfilled	1.1.1. Maintenance of an appropriate macroeconomic framework that is consistent with program objectives, as established in the policy matrix
Component 2: Institutional framework for climate action			
2.1. Climate action programs, strategies, and funds	2.1.1. Submission of the updated Nationally Determined Contribution (NDC) to the United Nations Framework Convention on Climate Change (UNFCCC)	Fulfilled (4th quarter 2021)	Within the framework of Argentina's NDC: 2.1.1.1. Preparation and publication of the National Climate Change Adaptation and Mitigation Plan 2.1.1.2. Preparation of a national long-term scenario program
	2.1.2. Approval of Law 27,621 for the Implementation of Comprehensive Environmental Education in the Argentine Republic	Fulfilled (2nd quarter 2021)	2.1.2. Issuance of regulations under Law 27,621 for the Implementation of Comprehensive Environmental Education in the Argentine Republic

¹ This information is merely indicative as of the date of this document. In accordance with document CS-3633-2 (Policy-Based Loans: Guidelines for Preparation and Implementation), compliance with any specified disbursement conditions, including maintenance of an appropriate macroeconomic policy framework, will be verified by the Bank when the borrower makes the corresponding disbursement request and will be reflected in a timely manner in the disbursement eligibility memorandum.

Components/Policy objectives	Policy actions, programmatic loan I	Status of compliance with conditions under programmatic loan I ¹	Indicative policy actions, programmatic loan II
	2.1.3.1. Doubling of the budget allocated to the National Fund for the Enrichment and Conservation of Native Forests (FNECBN)	Fulfilled (1st quarter 2021)	2.1.3.1. Doubling of annual Treasury financing of the FNECBN relative to 2022 levels
	2.1.3.2. Approval of the National Principles and Guidelines for Forest Management with Integrated Ranching, in accordance with Law 26,331.	Fulfilled (2nd quarter 2022)	2.1.3.2. Preparation and publication of the National Plan for Forest Management with Integrated Ranching 2.1.3.3. Participation agreements for the National Plan for Forest Management with Integrated Ranching signed by at least 5 provinces
	2.1.4. Creation of the National Fire Management Fund trust fund	Fulfilled (2nd quarter 2021)	2.1.4. Resolution creating new fire brigades and strengthening and expanding the National Fire Management Service, with support from the National Fire Management Trust Fund
	2.1.5. Creation of the Program to Promote the Conservation and Sustainable Use of Biodiversity in Agroecosystems	Fulfilled (1st quarter 2021)	2.1.5. Preparation and publication of the Argentine National Biodiversity Strategy 2022-2024
2.2. Climate action institutions and processes	2.2.1. Creation of the National Register of Climate Change Mitigation Projects (RNPMCC)	Fulfilled (4th quarter 2021)	2.2.1.1. Creation, via rules, of the office responsible for managing the RNPMCC 2.2.1.2. Issuance of the rules creating the office responsible for managing the RNPMCC
	2.2.2. Approval of rules of procedure for the National Climate Change Cabinet, which is responsible for climate policy design and implementation	Fulfilled (4th quarter 2022)	2.2.2. Publication of the resolution formalizing and creating the National Climate Change Cabinet's External Advisory Council
	2.2.3.1. Institutionalization of the mainstreaming of climate change in project proposals with international financing in the Argentine Republic	Fulfilled (3rd quarter 2021)	2.2.3.1. Submission to the Congress of the draft 2023 budget law with climate change budget tags
	2.2.3.2. Issuance of the circular authorizing application of the climate change budget tagging methodology in the national budget	Fulfilled (2nd quarter 2022)	

Components/Policy objectives	Policy actions, programmatic loan I	Status of compliance with conditions under programmatic loan I ¹	Indicative policy actions, programmatic loan II
Component 3: Sustainable finance			
3.1. Develop a favorable framework for sustainable finance	3.1.1. Approval of a roadmap for the development of sustainable finance in Argentina, including a gender dimension, coordinated by the Sustainable Finance Technical Roundtable (MTFS)	Fulfilled (1st quarter 2022)	As part of execution of the roadmap for the development of sustainable financing in Argentina: 3.1.1.1. Implementation of a national sustainable finance and climate change survey 3.1.1.2. Preparation and submission to the MTFS of a National Sustainable Finance Strategy, including a gender dimension
	3.1.2.1. Signing of a joint declaration by the regulators for banking, insurance, and the capital markets in Argentina, aimed at promoting sustainable finance and climate risk management 3.1.2.2. Membership of the Central Bank of the Argentine Republic in the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)	Fulfilled (1st quarter 2022) Fulfilled (4th quarter 2021)	3.1.2.1. Preparation and submission to the MTFS of a roadmap for designing and implementing a financial innovation laboratory in Argentina with the participation of the country's banking, insurance, and capital market regulators, aimed at fostering sustainable finance and climate risk management solutions 3.1.2.2. Approval of a sustainability strategy for the capital markets regulator
	3.1.3. Design of a roadmap for the development of a framework for sovereign green, social, and sustainability (GSS) bonds	Fulfilled (2nd quarter 2022)	3.1.3. Preparation of a sovereign GSS bond framework for issuing GSS bonds, including a gender dimension
	Within the framework of the Guidelines for Issuing Negotiable GSS Securities in Argentina: 3.1.4.1. Updating of sustainability guidelines for socially responsible investments, GSS bonds issues, and external reviewers for GSS bonds, within the framework of the Guidelines for Issuing Negotiable GSS Securities in Argentina 3.1.4.2. Approval of special regimes for sustainable collective investment products, including financial trust funds and open- and closed-end mutual funds	Fulfilled (3rd quarter 2021) Fulfilled (3rd quarter 2021)	3.1.4.1. Implementation of public consultations to update the Guidelines for Issuing Negotiable GSS Securities in Argentina, including a gender dimension 3.1.4.2. Preparation of guidelines for the reporting and voluntary disclosure of environmental, social, and governance factors, including a gender dimension, with a view to expanding the supply of sustainable collective investment products 3.1.4.3. Preparation and submission to the MTFS of guidelines for the design of a local sustainable finance taxonomy, including a gender dimension

Component 4: Technology and innovation to support decarbonization and the circular economy			
4.1. Circular economy and urban waste	4.1.1. Creation of the National Circular, Inclusive, Community, and Local Economy Strengthening Program (PRECICLO)	Fulfilled (3rd quarter 2021)	4.1.1. Issuance of regulations under Law 25,916 on Minimum Budgets for Residential Waste Management, in line with PRECICLO objectives
4.2. Green technology and innovation	4.2.1. Creation of the Green Production Development Plan	Fulfilled (3rd quarter 2021)	4.2.1. Creation of the Coordination Cabinet for the Green Production Development Plan
	4.2.2. Submission to Congress of a draft e-Mobility Promotion Law	Fulfilled (1st quarter 2021)	4.2.2. Submission to Congress of the draft Hydrogen Promotion Law to foster sustainable mobility
4.3. Energy transition	4.3.1. Approval of the Guidelines for the Energy Transition Plan to 2030	Fulfilled (4th quarter 2021)	4.3.1.1. Preparation of the National Energy Transition Plan to 2030 4.3.1.2. Preparation of the National Long-Term Energy Transition Plan to 2050

RESULTS MATRIX

PROGRAM OBJECTIVE:	The program's specific development objectives are to: (i) strengthen the government's capacity to plan and finance climate action; (ii) develop a framework to promote sustainable finance; and (iii) foster policies that support the circular economy and decarbonization. The general development objective is to support sustainable, resilient growth in Argentina.
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GENERAL DEVELOPMENT OBJECTIVE

Indicator	Unit of measure	Baseline	Baseline year	Expected year achieved	Target	Means of verification	Comments
General development objective: Support sustainable, resilient growth in Argentina							
Annual national CO ₂ emissions	Millions of tons of CO ₂ equivalent per year	365.9	2018	2030	349	Ministry of Environment and Sustainable Development (MAyDS), National Inventory of Greenhouse Gas Emissions	This indicator measures annual CO ₂ emissions, excluding those produced by land use. The baseline is the last available official measurement for Argentina. Although the country's emissions are not expected to improve in the short term, they are projected to trend downward over an 8-year time horizon.

SPECIFIC DEVELOPMENT OBJECTIVES

Indicator	Unit of measure	Baseline	Baseline year	End of program (2024)	Means of verification	Comments
Specific development objective 1: Strengthen the government's capacity to plan and finance climate action						
Number of projects entered in the National Register of Mitigation Projects	Number	0	2022	32	Climate Change Department, MAyDS	This indicator will measure progress in the number of projects entered in the National Register of Mitigation Projects. The baseline is zero as the process of registering projects had not begun as of May 2021, although the register had been created. The target reflects estimates prepared by the MAyDS.

Indicator	Unit of measure	Baseline	Baseline year	End of program (2024)	Means of verification	Comments
Climate action strategies delivered by the National Climate Change Cabinet	Number	1	2021	3	Climate Change Department, MAyDS	Pro-gender indicator. This indicator will measure progress in developing climate strategies based on the work of the National Climate Change Cabinet (GNCC). The following strategies are expected: (1) National Climate Empowerment Action Strategy; (2) National Gender, Diversity, and Climate Change Strategy; and (3) Provincial climate change response plans.
Hectares of native forests under management or conservation plans	Hectare	3,884,289	2019	4,500,000	Implementation report published by the National Forests Department, MAyDS	The reforms supported by the program are expected to expand the number of hectares of native forest under management or conservation plans. Hectares included in this plan will benefit from activities to conserve and preserve their biological biodiversity. The implementation report will calculate the number of hectares protected under the plan and will be published by the National Forests Department.
Budget allocated to the National Fund for the Enrichment and Conservation of Native Forests	Billions of Argentine pesos	1.212	2021	2.5	National budget law and National Forests Department, MAyDS	The reforms supported by the program are expected to double the Fund's budget allocation.
Specific development objective 2: Develop a favorable framework for sustainable finance						
Number of banks with environmental and social risk analysis systems	Number	28	2021	31	Report on the Argentine Sustainable Finance Protocol	This indicator measures the number of banks that have implemented an environmental and social risk analysis system. The program is expected to support a 10% increase in the number of banks with environmental and social risk analysis systems during the evaluation period. The baseline is based on information to December 2021, provided by the report on the Argentine Sustainable Finance Protocol.

Indicator	Unit of measure	Baseline	Baseline year	End of program (2024)	Means of verification	Comments
Number of green, social, and sustainability (GSS) bonds issued in accordance with the updated Guidelines for Issuing Negotiable GSS Securities in Argentina	Number	26	2021	44	National Securities Commission	This indicator measures the cumulative number of bonds issued under the Guidelines for Issuing Negotiable GSS Stocks in Argentina. Only private bond issues will be considered. The baseline corresponds to the cumulative number between 2019 and May 2021. The target is based on estimated annual bond issues.
Number of open-end environmental, social, and governance funds launched	Number	4	2022	20	National Securities Commission	Open-end ESG funds ¹ are mutual funds that finance investments that have a significant impact on some social, environmental, climate-related, or government factor. They are an important vehicle for mobilizing private resources in support of this type of investment. The baseline reflects the cumulative number to 2022. The target is based on the assumption that the number of open-end environmental, social, and governance funds will grow significantly over the next three years.
Specific development objective 3: Foster policies to support the circular economy and decarbonization						
Percentage of materials recycled	Percentage	0.9	2021	1.3	Control and Monitoring Department, MAyDS	This indicator measures the number of tons per day recovered and recycled by beneficiary cooperatives, municipios, or associations as a percentage of total material handled.
Percentage of the population with access to the differentiated collection system	Percentage	18	2021	22	Control and Monitoring Department, MAyDS	This indicator reflects the percentage of the population residing in the collection areas of the beneficiary cooperatives, municipios, or associations.

¹ ESG refers to environmental, social, and governance criteria.

Indicator	Unit of measure	Baseline	Baseline year	End of program (2024)	Means of verification	Comments
Number of renewable energy and energy efficiency projects supported as part of the Green Production Development Plan	Number	17	2021/2022	150	Quarterly report of the Argentine Ministry of Productive Development	The reforms supported are expected to contribute to the country's decarbonization through an increase in the number of renewable energy and energy efficiency projects supported under the Green Production Development Plan. The baseline relates to the July 2021-July 2022 period, as the Green Production Development Plan was launched on that date.
Percentage of the national energy matrix comprised of renewable sources	Percentage	29	2021	36	Energy Secretariat and Ministry of Economy	The policies supported under the program are expected to increase the share of power generation from renewable sources. The target reflects projections based on confirmed projects and projects under construction.
Percentage of the national energy matrix comprised of nonconventional renewable sources	Percentage	10	2021	15	Energy Secretariat and Ministry of Economy	The policies supported under the program are expected to increase the share of power generation from renewable sources. The target reflects projections based on confirmed projects and projects under construction.

OUTPUTS

Indicator	Unit of measure	Baseline	Baseline year	End of program (2023)	Means of verification	Comments
Component 2: Institutional framework for climate action						
2.1.1. Updated Nationally Determined Contribution (NDC) submitted to the United Nations Framework Convention on Climate Change (UNFCCC)	Number of updates submitted	2021	0	1	NDC uploaded to the UNFCCC website	

Indicator	Unit of measure	Baseline	Baseline year	End of program (2023)	Means of verification	Comments
2.1.2. Law 27,621 for the Implementation of Comprehensive Environmental Education in the Argentine Republic approved	Number of laws approved	2021	0	1	Law 27,621 published in the Official Bulletin	
2.1.3.1. Budget allocated to the National Fund for the Enrichment and Conservation of Native Forests (FNECBN) doubled	Number of budgets doubled	2021	0	1	MAYDS Resolution 42/2021 , indicating doubling of the budget allocated to the FNECBN	
2.1.3.2. National Principles and Guidelines for Forest Management with Integrated Ranching approved in accordance with Law 26,331	Number of principles and guidelines approved	2021	0	1	MAYDS-Ministry of Agriculture, Livestock, and Fisheries (MAGyP) Joint Resolution 2/2022 , approving the National Principles and Guidelines for Forest Management with Integrated Ranching in accordance with Law 26,331	
2.1.4. National Fire Management Trust Fund created	Number of trust funds created	2021	0	1	MAYDS Resolution 93/2021 creating the National Fire Management Trust Fund	
2.1.5. Program to Promote the Conservation and Sustainable Use of Biodiversity in Agroecosystems created	Number of programs created	2021	0	1	MAYDS Resolution 1/2021 creating the Program to Promote the Conservation and Sustainable Use of Biodiversity in Agroecosystems	
2.2.1. National Register of Climate Change Mitigation Projects (RNPMCC) created	Number of registers created	2021	0	1	MAYDS Resolution 363/2021 creating the RNPMCC	
2.2.2. Rules of procedure approved for the National Climate Change Cabinet, which is responsible for climate policy design and implementation	Number of rules approved	2021	0	1	Chief of Cabinet Administrative Decision 1,013/2022 approving the rules of procedure for the National Climate Change Cabinet	

Indicator	Unit of measure	Baseline	Baseline year	End of program (2023)	Means of verification	Comments
2.2.3.1. Institutionalization of the mainstreaming of climate change in project proposals with international financing in the Argentine Republic	Number of approaches institutionalized	2021	0	1	Official Communication of the Strategic Affairs Secretariat in the Presidency of the Republic , requesting that ministries mainstream climate change issues when preparing lists of priority projects	
2.2.3.2. Circular authorizing application of the climate change budget tagging methodology in the national budget issued	Number of circulars issued	2021	0	1	Circular 1/2022 of the Ministry of Economy initiating formulation of the 2023 budget, with general instructions for the use of budget tags for crosscutting policies (Environmental and Climate Change Budget)	
Component 3: Sustainable finance						
3.1.1. Roadmap approved for the development of sustainable finance in Argentina, including a gender dimension, coordinated by the Sustainable Finance Technical Roundtable (MTFS)	Number of roadmaps approved	2021	0	1	Ministry of Economy Official Communication NO-2022-31069243-APN-SAEYFI#MEC to the members of the MTFS, approving the roadmap for the development of sustainable financing Argentina	Pro-gender indicator The roadmap incorporates activities that participating actors undertake to promote financing for women
3.1.2.1. Joint declaration signed by the regulators for banking, insurance, and the capital markets in Argentina, aimed at promoting sustainable finance and climate risk management	Number of declarations signed	2021	0	1	Ministry of Economy Official Communication NO-2022-31069342-APN-SAEYFI#MEC to financial system regulators, with the documents signed by all of the entities	
3.1.2.2. Membership of the Central Bank of the Argentine Republic in the Network of Central Banks and Supervisors for Greening the Financial System (NGFS)	Number of memberships	2021	0	1	NGFS letter accepting the Central Bank of the Argentine Republic as a member	

Indicator	Unit of measure	Baseline	Baseline year	End of program (2023)	Means of verification	Comments
3.1.3. Roadmap for the development of a framework for sovereign GSS bonds designed	Number of roadmaps designed	2021	0	1	Ministry of Economy Official Communication NO-2022-48005930-APN-SAEYFI#MEC to the members of the MTFS, with the roadmap for the development of a framework for sovereign GSS bonds	
3.1.4.1. Sustainability guidelines approved for socially responsible investments, GSS bonds issues, and external reviewers for GSS bonds within the framework of the Guidelines for Issuing Negotiable GSS Stocks in Argentina, including the gender dimension	Number of guidelines updated	2021	0	1	National Securities Commission Resolution 896/2021 , incorporating responsible investment criteria and criteria for the external reviewers of GSS bond issues within the framework of the Guidelines for Issuing Negotiable GSS Securities in Argentina, including a gender dimension	Pro-gender indicator It will be requested that the guidelines for social bond issues incorporate gender considerations.
3.1.4.2. Special regimes approved for sustainable collective investment products, including financial trust funds and open- and closed-end mutual funds	Number of regimes incorporated	2021	0	1	National Securities Commission Resolution 885/2021 , incorporating a special regime for sustainable collective investment products	
Component 4: Technology and innovation to support decarbonization and the circular economy						
4.1.1. National Circular, Inclusive, Community, and Local Economy Strengthening Program (PRECICLO) created	Number of programs created	2021	0	1	MAyDS Resolution 290/2021 , creating PRECICLO	
4.2.1. Green Production Development Plan created	Number of plans created	2021	0	1	Ministry of Productive Development Resolution 352/2021 , creating the Green Production Development Plan	
4.2.2. Draft e-Mobility Promotion Law submitted to Congress	Number of draft laws submitted	2021	0	1	Congressional Chamber of Deputies docket confirming receipt of the draft e-Mobility Promotion Law	

Indicator	Unit of measure	Baseline	Baseline year	End of program (2023)	Means of verification	Comments
4.3.1. Guidelines for the Energy Transition Plan to 2030 approved	Number of guidelines approved	2021	0	1	Ministry of Economy Resolution 1.036/2021 approving the Guidelines for the Energy Transition Plan to 2030	

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/22

Argentina. Loan ____/OC-AR to the Argentine Republic. Program to Support
Public Policies for the Sustainable and Resilient Growth of Argentina

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Argentine Republic, as borrower, for the purpose of granting it a financing aimed at cooperating in the execution of the Program to Support Public Policies for the Sustainable and Resilient Growth of Argentina. Such financing will be for the amount of up to US\$500,000,000, from the resources of the Bank's Ordinary Capital, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on _____ 2022)